077 Rules of Thumb Are Not a Strategy

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Rules of thumb are the cost lens dressed up as math. "Labor should be 30%. Food cost should be 28%." They give you a number to manage to instead of an outcome to build toward. And there's a big difference between those two things.

Here's the problem with reaching for aggregate numbers: it feels like doing the work. "I researched the industry averages" sounds like a pro forma. It isn't. The aggregate skips the actual work and gives you someone else's numbers.

The work is building your own. Your lease. Your labor market. Your menu pricing. Your concept. Your Guest. Every one of those variables is specific to your situation, and none of them are captured in an industry composite. The operator who wrestles with their own numbers — even imperfect ones — has to actually look at their business. That friction is where the thinking happens. That thinking is how you get to know your numbers. And knowing your numbers is how you get to know your business.

Here's what makes the aggregate more dangerous than it looks: those benchmarks weren't built from every restaurant. They were built from the ones that survived. The operators who closed in year one — the 24% — aren't in that average. The ones who closed by year three — the 76% — aren't either. This is survivorship bias. You are learning from survivors, and only from survivors. You have no way of knowing which pieces of their story actually apply to yours.

Rules of thumb assume every restaurant has the same goals, the same market, the same Guest, the same concept. Your fine-dining concept in a high-cost urban market has nothing in common with a fast-casual franchise in a suburban strip mall — but both are supposed to hit 30% labor? That's not strategy. That's averaging.

The operator who manages to the percentage will always be outperformed by the operator who manages to the outcome. Always. Percentages are lagging indicators. They tell you what happened. Outcomes tell you where you're going.

The measuring stick problem runs deeper than metrics. The operator who measures success by Saturday covers, by table turns, by the weekend revenue number — is measuring the output of

the operation, not the health of it. A strong Saturday can mask a deteriorating Guest experience, a cast that is running on fumes, and a culture that is three months from collapse. The number looked right. Nothing else did.

The measuring stick worth building is the one that doesn't break on a bad week. Did the Guest leave feeling something worth coming back for? Is the cast member who was here last month better at their job this month? Is the standard being held when nobody is watching? Those are leading indicators. The cover count is a lagging one — and by the time it tells you something is wrong, the damage is already compounding. Measure the right things and the numbers follow. Measure only the numbers and you will be surprised every time they move.

Rules of thumb are best practices by another name. And best practices are the floor, not the ceiling. They're what every other operator is already doing. Managing to a rule of thumb doesn't differentiate you from the competition. It makes you indistinguishable from them.

Cross-fundamental note: connects to 4.X — The Stack You're Skipping (the KPI without its KPA and KPO above it is the rule of thumb problem in performance measurement — a number without context is just averaging) and 5.X — The Price Is Not the Formula (the IFC model is the food-cost rule of thumb — one input, wrong frame, same survivorship bias baked in).

What Changes Tomorrow

Before you plan tomorrow's labor or food cost target, throw out the industry rule of thumb — the 30% labor, the 28% food cost — and check it against your own actual numbers and outcomes instead. Those benchmarks are survivorship-bias averages, not a strategy for your specific building.